

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California
INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES AND
CORNING WATER DISTRICT
PROVIDING FOR PROJECT WATER SERVICE

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9 INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES
10 AND
11 CORNING WATER DISTRICT
12 PROVIDING FOR PROJECT WATER SERVICE
13

14 THIS CONTRACT, made this 28th day of February 2001, in pursuance
15 generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary
16 thereto, including, but not limited to, the acts of August 26, 1937 (50 Stat. 844), as amended and
17 supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2, 1956 (70
18 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1262), as amended and Title
19 XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as
20 the Federal Reclamation law, between THE UNITED STATES OF AMERICA, hereinafter
21 referred to as the United States, and CORNING WATER DISTRICT, hereinafter referred to as
22 the Contractor, a public agency of the State of California, duly organized, existing, and acting
23 pursuant to the laws thereof, with its principal place of business in Corning, California;

24 WITNESSETH, That:

1 EXPLANATORY RECITALS

2 WHEREAS, the United States has constructed and is operating the Central Valley
3 Project, California for diversion, storage, carriage, distribution and beneficial use, for flood
4 control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and
5 restoration, generation and distribution of electric energy, salinity control, navigation and other
6 beneficial uses, of waters of the Sacramento River, the American River, the Trinity River, and
7 the San Joaquin River and their tributaries; and

8 WHEREAS, the United States constructed the Red Bluff Diversion Dam,
9 Tehama-Colusa and Corning Canals and related delivery facilities including pumping plants,
10 hereinafter collectively referred to as the Canal Facilities, which will be used in part for the
11 furnishing of water to the Contractor pursuant to the terms of this interim renewal contract; and

12 WHEREAS, the Contractor and the United States entered into Contract No. 14-
13 06-200-6575 on August 1, 1957, amended on March 9, 1962 and August 4, 1971, which
14 provided the Contractor Central Valley Project water from the Canal Facilities to February 28,
15 1995, and under which the initial date of water delivery to the Contractor was April 15, 1961;
16 and

17 WHEREAS, the Contractor and the United States entered into interim renewal
18 contract(s) identified as Contract No(s). 14-06-200-6575-IR1, 14-06-200-6575-IR2, as amended,
19 14-06-200-6575-IR3, and 14-06-200-6575-IR4, the latter of which is hereinafter referred to as
20 the Existing Interim Renewal Contract, which provided for the continued water service to the
21 Contractor from December 1, 2000 through February 28, 2001; and

1 WHEREAS, the Contractor has requested a subsequent interim renewal contract
2 pursuant to the Existing Interim Renewal Contract, Federal Reclamation law and the laws of the
3 State of California, for water service from the Central Valley Project; and

4 WHEREAS, the United States has determined that the Contractor has to date
5 fulfilled all of its obligations under the Existing Interim Renewal Contract; and

6 WHEREAS, The Contracting Officer has determined that the Contractor has the
7 capability to fully utilize for reasonable and beneficial use, or shown projected future reasonable
8 and beneficial use for, the quantity of Project Water to be made available to it pursuant to this
9 interim renewal contract; and

10 WHEREAS, rights of renewal of Contract No. 14-06-200-6575, as amended, and
11 to convert said contract to a contract as provided by subsection (d), Section 9 of the Act of
12 August 4, 1939 (53 Stat. 1187) are set forth in said contract; and

13 WHEREAS, Section 3404 of the CVPIA, precludes long-term renewal of water
14 service contracts until the completion of appropriate environmental documentation, including a
15 programmatic environmental impact statement ("PEIS") pursuant to the National Environmental
16 Policy Act analyzing the direct and indirect impacts and benefits of implementing the CVPIA
17 and the potential renewal of all existing contracts for Project Water; and

18 WHEREAS, in order to continue water service provided under Project water
19 service contracts that expire prior to the completion of the PEIS, the United States intends to
20 execute interim renewal contracts for a period not to exceed three (3) Years in length, and for
21 successive interim periods of not more than two (2) Years in length, until appropriate
22 environmental documentation, including the PEIS, is finally completed, at which time the

1 Secretary shall, pursuant to Federal Reclamation law, upon request of the Contractor, enter into a
2 long-term renewal contract for a period of twenty-five (25) Years; and may thereafter renew such
3 long-term renewal contracts for successive periods not to exceed twenty-five (25) Years each;
4 and

5 WHEREAS, the Secretary intends to assure uninterrupted water service and
6 continuity of contract through the process set forth in Article 2 hereof; and

7 WHEREAS, the United States is willing to renew the Existing Interim Renewal
8 Contract pursuant to section 3404(c)(1) of the CVPIA on the terms and conditions set forth
9 below.

10 NOW, THEREFORE, in consideration of the mutual and dependent covenants
11 herein contained, it is hereby mutually agreed by the parties hereto as follows:

12 DEFINITIONS

13 1. When used herein unless otherwise distinctly expressed, or manifestly
14 incompatible with the intent hereof, the term:

15 (a) "Calendar Year" shall mean the period January 1 through December 31,
16 both dates inclusive;

17 (b) "Charges" shall mean the payments in addition to the Rates determined
18 annually by the Contracting Officer, required by the Federal Reclamation law, including
19 Section 3407 of the CVPIA;

20 (c) "Contractor's Boundaries" shall mean the area to which the Contractor is
21 permitted to provide Project Water under this interim renewal contract identified in

1 Exhibit "A", which area and exhibit may be revised without amending this contract if
2 such revisions are acceptable to the Contracting Officer;

3 (d) "CVPIA" shall mean the Central Valley Project Improvement Act, Title
4 XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

5 (e) "Delivered Water" shall mean Project Water made available to
6 the Contractor and diverted at the point(s) of delivery approved by the Contracting
7 Officer;

8 (f) "Eligible Lands" shall mean all lands to which Irrigation Water may be
9 delivered in accordance with Section 204 of the Reclamation Reform Act of October 12,
10 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

11 (g) "Excess Lands" shall mean all lands defined as excess in Section 204 of
12 the RRA, other than those lands exempt from acreage limitation under Federal
13 Reclamation law;

14 (h) "Full Cost Rate" shall mean that water rate described in Sections 205(a)(3)
15 or 202(3) of the RRA, whichever is applicable;

16 (i) "Ineligible Lands" shall mean all lands to which Irrigation Water may not
17 be delivered in accordance with Section 204 of the RRA;

18 (j) "Irrigation Water" shall mean Project Water which is used primarily in the
19 production of agricultural crops or livestock, including domestic use incidental thereto,
20 and watering of livestock;

21 (k) "Landholder" shall mean an individual or entity attributed with the total
22 irrigable acreage of one or more tracts of land situated in one or more districts owned

1 and/or operated under a lease which is served with Irrigation Water pursuant to a contract
2 with the United States;

3 (l) "M&I Water" shall mean water made available from the Project other than
4 Irrigation Water. M&I Water shall include water used for purposes such as the watering
5 of landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment
6 or water delivered to landholdings operated in units of less than five (5) acres unless the
7 Contractor establishes to the satisfaction of the Contracting Officer that the use of water
8 delivered to any such landholding is a use described in subdivision (j) of this Article;

9 (m) "O&M" shall mean normal and reasonable care, control, operation, repair,
10 replacement and maintenance of Project facilities;

11 (n) "Operating Non-Federal Entity" shall mean a Non-Federal entity which
12 has the obligation to operate and maintain all or a portion of the Canal Facilities pursuant
13 to an agreement with the United States;

14 (o) "Project" shall mean the Central Valley Project owned by the United
15 States and operated by the Department of the Interior, Bureau of Reclamation;

16 (p) "Project Water" shall mean all water that is developed, diverted, stored, or
17 delivered by the United States in accordance with the statutes authorizing the Project and
18 in accordance with the terms and conditions of applicable water rights permits and
19 licenses acquired by and/or issued to the United States pursuant to California law;

20 (q) "Rates" shall mean the payments determined annually by the Contracting
21 Officer in accordance with the then current applicable water ratesetting policies for the
22 Project;

1 (r) "Secretary" or "Contracting Officer" shall mean the Secretary of the
2 United States Department of the Interior or his duly authorized representative;

3 (s) "Year" shall mean the period from and including March 1 of
4 each Calendar Year through the last day of February of the following Calendar Year.

5 TERM OF CONTRACT - RIGHT TO USE OF WATER

6 2. (a) This interim renewal contract shall be effective from March 1, 2001 and
7 shall remain in effect through February 28, 2002, and thereafter will be renewed as described in
8 this article. Except as provided in subdivision (b) of this Article, until completion of all
9 appropriate environmental review, and provided that the Contractor has complied with all the
10 terms and conditions of the interim renewal contract in effect for the period immediately
11 preceding the requested successive interim renewal contract, this interim renewal contract will be
12 renewed, upon request of the Contractor, for successive interim periods each of which shall be no
13 more than two (2) Years in length. Also, except as provided in subdivision (b) of this Article, in
14 order to promote orderly and cost effective contract administration, the terms and conditions in
15 subsequent interim renewal contracts shall be identical to the terms and conditions in the interim
16 renewal contract immediately preceding the subsequent interim renewal contract: Provided,
17 however, That each party preserves the right to propose modification(s) in any interim renewal
18 contract other than those described in subdivision (b) of this Article, in which case the parties
19 shall negotiate in good faith appropriate modification(s) to be included in any successive interim
20 renewal contracts. Said modification(s) of each successive interim renewal contract shall be
21 agreed upon within a reasonable time prior to the expiration of the then existing interim renewal
22 contract. Nothing in this Article shall in any way alter the obligation that, upon final completion

1 of the PEIS and any necessary supplemental environmental documentation, the Secretary shall,
2 pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term
3 renewal contract for a period of twenty-five (25) Years and may thereafter renew such long-term
4 renewal contracts for successive periods not to exceed twenty-five (25) Years each. The
5 Contractor asserts that Contract No. 14-06-200-6575, as amended, and existing law go beyond
6 the preceding sentence to give it enforceable rights to successive long-term renewal contracts.
7 The Contracting Officer disagrees with that assertion. The parties agree that this interim renewal
8 contract preserves the rights and positions of the parties and that the omission of language in this
9 interim renewal contract setting out the rights asserted by the Contractor to successive renewals
10 is not intended to be, nor shall it be interpreted as, a waiver of any such rights to the extent any
11 such rights are later determined to exist by a court of competent jurisdiction or by mutual
12 agreement of the parties. If a court of competent jurisdiction or the parties by mutual agreement
13 determine that incorporation of such language in this interim renewal contract is necessary to
14 preserve such rights, this interim renewal contract shall be construed as incorporating such
15 language as though fully set forth herein as of the effective date hereof.

16 (b) The parties anticipate that they will engage in good faith negotiations
17 intended to permit the execution of a twenty-five (25) Year long-term renewal contract
18 contemplated by Section 3404 (c) of the CVPIA, hereinafter referred to as a “long-term renewal
19 contract”, by the end of the term hereof. The parties recognize the possibility that this schedule
20 may not be met. Accordingly:

21 (1) In the event (i) the Contractor and Contracting Officer have
22 reached agreement on the terms of the Contractor’s long-term renewal contract or (ii) the

1 Contractor and Contracting Officer have not completed the negotiations on the Contractor's
2 long-term renewal contract, believe that further negotiations on that contract would be beneficial,
3 and mutually commit to continue to negotiate to seek to reach agreement, but (iii) all
4 environmental documentation required to allow execution of the Contractor's long-term renewal
5 contract by both parties has not been completed in time to allow execution of the Contractor's
6 long-term renewal contract by November 30, 2001, then (iv) the parties will expeditiously
7 complete the environmental documentation required of each of them in order to execute the
8 Contractor's long-term renewal contract at the earliest practicable date. In addition, the
9 Contractor's then current interim renewal contract will be renewed without change upon the
10 request of either party through the agreed-upon effective date of the Contractor's long-term
11 renewal contract or, in the absence of agreement on the terms of the Contractor's long-term
12 renewal contract, through the succeeding February 28.

13 (2) Provided that this interim renewal contract is not subject to
14 renewal under the terms described in subdivision (1) of this Article, if a party determines that the
15 parties have reached an impasse which they have been unable to resolve and which precludes
16 agreement on the long-term renewal contract, that party may notify the other that it has concluded
17 that there is no reasonable likelihood of reaching agreement on the terms of a long-term renewal
18 contract. In the event of such notice, the parties will immediately agree to a schedule and process
19 for negotiating the terms (other than any terms that would impair continuity of water supply or
20 continuity of contract) of and executing an interim renewal contract; provided that neither party
21 will propose for inclusion in the interim renewal contract any provision not previously included
22 in an existing interim renewal contract which it had previously proposed for inclusion in the

1 long-term renewal contract and which was the subject of an impasse in the long-term renewal
2 contract negotiations. The schedule will provide for completion of the negotiations of the terms
3 of that contract by February 1, 2002, and for execution of the contract on or about February 15,
4 2002. The parties each acknowledge the right of either party to seek judicial relief in connection
5 with any impasse reached in connection with negotiation of the long-term renewal contract
6 and/or an interim renewal contract that would become effective on or after February 28, 2002.

7 (c) The parties acknowledge that the Contractor asserts that it is entitled as a
8 matter of law to an interim renewal contract of longer duration than twelve (12) months, and that
9 the Contracting Officer asserts that it is under no obligation to provide the Contractor with an
10 interim renewal contract of any particular duration. Accordingly, the parties further acknowledge
11 that (i) the foregoing process represents a mutual accommodation to facilitate their joint desire to

1 proceed with the development of a long-term renewal contract in an expeditious and orderly
2 manner, (ii) they each preserve their respective rights and positions relative to the entitlement of
3 the Contractor to subsequent interim renewal contracts should they become necessary, and the
4 terms thereof, and (iii) their agreement to the process and interim renewal contract terms
5 described above is in no way intended to be, nor will it be interpreted as, a waiver of any such
6 rights or positions, all of which are and will be expressly preserved.

7 (d) The omission of language in this interim renewal contract providing for
8 conversion of this interim renewal contract or any subsequent renewals thereof to a repayment
9 contract, pursuant to the Act of July 2, 1956 (70 Stat. 483), shall not prejudice the Contractor's
10 right to assert a right to have such language included in subsequent renewals of this interim
11 renewal contract or to exercise such conversion, all as provided by law, or to negotiate the
12 language regarding such conversion to be included in subsequent renewal contracts.

13 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

14 3. (a) Subject to the provisions set forth in Articles 11 and 12 hereof, and
15 consistent with applicable State water rights, permits and licenses, the Contractor is entitled to,
16 and the Contracting Officer shall be obligated to make available to the Contractor up to 23,000
17 acre-feet of Project Water for irrigation and/or municipal and industrial purposes during the term
18 of this interim renewal contract. The quantity of Project Water delivered to the Contractor in
19 accordance with this Article 3(a) in any Year shall be scheduled and paid for pursuant to the
20 provisions of Articles 4 and 7 hereof, and shall not exceed the quantity of Project Water the

1 Contractor intends to put to reasonable beneficial use within the Contractor's Boundaries or sold,
2 transferred, or exchanged pursuant to Article 9 during the term of this interim renewal contract.

3 (b) The Contractor shall utilize the Project Water made available to it pursuant
4 to this interim renewal contract in accordance with all applicable requirements of any Biological
5 Opinion addressing the execution of this interim renewal contract developed pursuant to Section
6 7 of the Endangered Species Act of 1973 as amended, and in accordance with environmental
7 documentation as may be required for specific activities, including conversion of Irrigation Water
8 to M&I Water.

9 (c) The Contractor shall make reasonable and beneficial use of Project Water
10 or other water furnished pursuant to this interim renewal contract.

11 (d) If the Contracting Officer determines that Project Water, or other water
12 available to the Project, can be made available to the Contractor in addition to the quantity of
13 Project Water made available to the Contractor pursuant to subdivision (a) of this Article, the
14 Contracting Officer shall so notify the Contractor. If the Contractor requests the delivery of any
15 quantity of such water, the Contracting Officer shall make such water available to the Contractor
16 in accordance with applicable statutes, regulations, guidelines and policies.

17 (e) If the Contractor requests permission to reschedule for use during the
18 subsequent Year some or all of the Project Water made available to the Contractor during the
19 current Year or to use, during the current Year, that quantity of Project Water the United States

1 has agreed to make available to the Contractor during the subsequent Year, the Contracting
2 Officer may permit such uses in accordance with applicable statutes, regulations, guidelines and
3 policies.

4 (f) The Contractor's right pursuant to Federal Reclamation law and applicable
5 State law to the beneficial use of water furnished pursuant to this interim renewal contract, any
6 subsequent interim renewal contract and, as described in Article 2(a), any long-term renewal
7 contract, shall not be disturbed so long as the Contractor shall fulfill all of its obligations under
8 this interim renewal contract and any such renewal thereof. Nothing in the preceding sentence
9 shall affect the Contracting Officer's ability to impose shortages under Article 12(b) of this
10 interim renewal contract and the applicable provisions of any such renewal thereof.

11 (g) Notwithstanding subdivisions (j) and (l) of Article 1, Project Water
12 furnished to the Contractor pursuant to this interim renewal contract may be delivered for
13 purposes other than those described in subdivisions (j) and (l) of Article 1 upon written approval
14 by the Contracting Officer in accordance with the terms and conditions of such approval.

15 (h) The Contractor may request, in writing, and the Contracting Officer may
16 approve, in writing, the Contractor's first or initial use of any Project Water to which it is entitled
17 under subdivision (a) of this Article 3 as M&I Water; Provided, that any requirements of Federal
18 Law, including without limitation those set forth in subdivision (b) of Article 3 which apply to
19 the delivery and use of such quantities of Project Water as M&I Water have been met; Provided
20 further, That no additional approval of the Contracting Officer shall be required for the
21 continuing use of water as M&I Water. Recognizing that certain landholders of the Contractor
22 will suffer undue hardship if the Rate for their water on the effective date of this contract is set at

1 the Rate for M&I Water, landholdings which, on the effective date of this contract, were eligible
2 to and had received Irrigation Water, but would thereafter only be eligible to receive M&I Water,
3 under the provisions of Article 1(1), shall continue to be eligible to receive Irrigation Water until
4 the earlier of (1) the current landholders no longer have an interest in the landholding, or (2)
5 execution by the Contractor of a long-term renewal contract.

6 TIME FOR DELIVERY OF WATER

7 4. (a) On or about February 15, of each Calendar Year, the Contracting Officer
8 shall declare the amount of Project Water estimated to be made available to the Contractor
9 pursuant to this interim renewal contract for the upcoming Year. The declaration will be updated
10 monthly, as necessary, based on current hydrologic conditions. The Contracting Officer shall
11 make available the forecast of Project operations, with relevant supporting information, upon the
12 written request of the Contractor or its representatives. Upon written request of the Contractor,
13 the Contracting Officer shall provide the basis of the estimate which shall include, but not be
14 limited to, a monthly pumping forecast for the O'Neill Pumping Plant, the projected carryover of
15 Project reservoirs, projected CVPIA impacts, projected Endangered Species Act and all other
16 regulatory impacts.

17 (b) On or before each March 1, the Contractor shall submit to the Contracting
18 Officer and at such other times as necessary, a written schedule, satisfactory to the Contracting
19 Officer, showing the times, and quantities of Project Water to be delivered by the United States
20 to the Contractor during the upcoming Year pursuant to this interim renewal contract, and,
21 consistent with subdivision (a) of Article 3 herein.

1 (c) Subject to the conditions set forth in subdivision (a), Article 3, the United
2 States shall deliver Project Water to the Contractor in accordance with the initial schedule
3 submitted by the Contractor pursuant to subdivision (b) of this Article, or any revision(s) thereto
4 submitted within a reasonable time prior to the date(s) on which the requested change(s) is/are to
5 be implemented.

6 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

7 5. (a) The Project Water to be furnished to the Contractor pursuant to this
8 interim renewal contract shall be made available to the Contractor at approved turnouts on the
9 Canal Facilities and any additional point or points of delivery either on Project facilities or
10 another location or locations mutually agreed to in writing by the Contracting Officer and the
11 Contractor. The United States shall furnish such power as may be necessary to pump Project
12 Water at the existing Corning Canal side pumping plants and at existing relift stations at heads
13 and elevations sufficient to irrigate by gravity all areas within the Contractor's Boundaries below
14 elevation 380 (MSL).

15 (b) The Contracting Officer shall make all reasonable efforts to maintain
16 sufficient flows and levels of water in the Canal Facilities to furnish Project Water to the
17 Contractor at the full design capacity of the turnout(s) established as a delivery point(s) pursuant
18 to subdivision (a) of this Article. The parties acknowledge that it may be necessary from time to
19 time to shut down the canal for maintenance or emergencies. Except in the case of emergency,
20 the Contracting Officer shall consult with the Contractor to schedule the shut down at such times
21 and for such duration as will allow for the work to be accomplished completely and efficiently,

1 and with a minimum of disruption of water service to the Contractor. In this regard, shut downs
2 will, to the extent reasonably possible, be limited to the months of December and January.

3 (c) Irrigation Water furnished to the Contractor pursuant to this interim
4 renewal contract shall be delivered by the Contractor in accordance with any applicable land
5 classification provisions of Federal Reclamation law and the associated regulations. Project
6 Water shall not be delivered to land outside the Contractor's Boundaries unless approved in
7 advance by the Contracting Officer.

8 (d) All Project Water delivered to the Contractor pursuant to this interim
9 renewal contract shall be measured and recorded with equipment furnished, installed, operated
10 and maintained by the United States or the responsible Operating Non-Federal Entity at the point
11 or points of delivery established pursuant to subdivision (a) of this Article. Upon the request of
12 either party to this interim renewal contract, the Contracting Officer shall investigate the accuracy
13 of such measurements and shall take any necessary steps to adjust any errors appearing therein.
14 The Contractor shall advise the Contracting Officer on or before the 10th calendar day of each
15 month of the quantity of M&I Water taken during the preceding month.

16 (e) Neither the United States nor any Operating Non-Federal Entity shall be
17 responsible for the control, carriage, handling, use, disposal, or distribution of Project Water
18 made available to the Contractor pursuant to this interim renewal contract beyond the delivery
19 points specified in subdivision (a) of this Article. The Contractor shall indemnify the United
20 States its officers, employees, agents and assigns on account of damage or claim of damage of
21 any nature whatsoever for which there is legal responsibility, including property damage,
22 personal injury or death arising out of or connected with the control, carriage, handling, use,

1 disposal, or distribution of such Project Water beyond such delivery points, except for any
2 damage or claim arising out of (i) acts performed by the United States or any of its officers,
3 employees, agents or assigns, including any responsible Operating Non-Federal Entity, with the
4 intent of creating the situation resulting in any damage or claim, (ii) willful misconduct of the
5 United States or any of its officers, employees, agents, or assigns, including any responsible
6 Operating Non-Federal Entity, or (iii) negligence of the United States or any of its officers,
7 employees, agents or assigns including any responsible Operating Non-Federal Entity.

8 MEASUREMENT OF WATER WITHIN THE DISTRICT

9 6. (a) The Contractor shall ensure that, unless the Contractor has established an
10 alternative measurement program satisfactory to the Contracting Officer, all surface water
11 delivered for irrigation purposes within the Contractor's Boundaries is measured at each
12 agricultural turnout and such water delivered for municipal and industrial purposes is measured
13 at each municipal and industrial service connection. All water measuring devices or water
14 measuring methods of comparable effectiveness must be acceptable to the Contracting Officer.
15 The Contractor shall be responsible for installing, operating, and maintaining and repairing all
16 such measuring devices and implementing all such water measuring methods at no cost to the
17 United States. The Contractor shall use the information obtained from such water measuring
18 devices or water measuring methods to ensure proper management of the water; to bill water
19 users for water delivered by the Contractor; and, if applicable, to record water delivered for
20 municipal and industrial purposes by customer class as defined in its water conservation plan.
21 Nothing herein contained, however, shall preclude the Contractor from establishing and
22 collecting any charges, assessments or other revenues authorized by California law. The

1 Contractor shall include a summary of its annual surface water deliveries in the annual report
2 described in Article 25(d).

3 (b) Omitted

4 (c) All new surface water delivery systems installed within the Contractor's
5 Boundaries after the effective date of this interim renewal contract shall also comply with the
6 measurement provisions described in subdivision (a) of this Article.

7 (d) The Contractor shall inform the Contracting Officer and the State of
8 California in writing by April 30 of each Year of the monthly volume of surface water delivered
9 within the Contractor's Boundaries during the previous Year.

10 (e) The Contractor shall be responsible for ascertaining and reporting to the
11 Contracting Officer whether Delivered Water is put to use as Irrigation Water or M&I Water,
12 irrespective of the size of the landholding where the water is used, so that the Contracting Officer
13 can apply the appropriate Rates and Charges.

14 RATES AND METHOD OF PAYMENT FOR WATER

15 7. (a) The Contractor shall pay the United States in monthly payments as
16 provided in this Article for the quantities of Delivered Water furnished to the Contractor pursuant
17 to this interim renewal contract. Such payments shall consist of the applicable Rates and
18 Charges determined annually in accordance with applicable Federal law and associated
19 regulations. The Rates and Charges applicable upon execution of this interim renewal contract
20 are set forth in Exhibit "B."

21 (b) The Contracting Officer shall notify the Contractor of the Rates and
22 Charges as follows:

1 (1) Prior to July 1, of each Calendar Year, the Contracting Officer
2 shall provide the Contractor the preliminary calculation of the Charges that will be applied for
3 the period October 1, of the current Calendar Year, through September 30, of the following
4 Calendar Year, and identify the statutes, regulations and guidelines used as the basis for such
5 calculations. On or before September 15, of each Calendar Year, the Contracting Officer shall
6 notify the Contractor in writing of the Charges to be in effect during the period October 1, of the
7 current Calendar Year, through September 30, of the following Calendar Year, and such
8 notification shall revise Exhibit "B."

9 (2) Prior to October 1 of each Calendar Year, the Contracting Officer
10 shall make available to the Contractor an estimate of the Rates of payment for the following Year
11 and the computations and cost allocations upon which those Rates are based. The Contractor
12 shall be allowed not less than two months to review and comment on such computations and cost
13 allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide the
14 Contractor with the final Rates to be in effect for the upcoming Year, and such notification shall
15 revise Exhibit "B."

16 (c) At the time the Contractor submits the initial schedule for the delivery of
17 Project Water for each Year pursuant to Article 4(b) of this interim renewal contract, the
18 Contractor shall pay the United States the total amount payable pursuant to the applicable Rate(s)
19 for all Project Water scheduled to be delivered pursuant to this interim renewal contract during
20 the first two (2) calendar months of the Year. Before the end of the first month or part thereof of
21 the Year, and before the end of each calendar month thereafter, the Contractor shall pay pursuant
22 to the applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this interim

1 renewal contract during the second month immediately following. Adjustments between the
2 payments for the scheduled amount of Project Water and the appropriate payments for quantities
3 of Delivered Water furnished pursuant to this interim renewal contract each month shall be made
4 before the end of the following month: Provided, That any revised schedule submitted by the
5 Contractor pursuant to Article 4 which increases the amount of Project Water to be delivered
6 pursuant to this interim renewal contract during any month shall be accompanied with
7 appropriate payment for Rates to assure that Project Water is not furnished to the Contractor in
8 advance of such payment. In any month in which the quantity of Delivered Water furnished to
9 the Contractor pursuant to this interim renewal contract equals the quantity of Project Water
10 scheduled and paid for by the Contractor, no additional Project Water shall be made available to
11 the Contractor unless and until payment of Rates for such additional Project Water is made.
12 Final adjustment between the payments of Rates for the Project Water scheduled and the
13 quantities of Delivered Water furnished during each Year pursuant to its contract shall be made
14 as soon as possible but no later than April 30th of the following Year.

15 (d) The Contractor shall pay all Charges owing for Delivered Water before the
16 end of the month following the month of delivery. Such amounts shall be consistent with the
17 quantities of Irrigation Water and M&I Water shown in the United States' water delivery report
18 for the subject month. The water delivery report shall be regarded by the Contractor as a bill for
19 the payment of appropriate Charges. Any monthly adjustment for overpayment or underpayment
20 of Charges shall be accomplished through the adjustment of Charges due to the United States in
21 the next month. By March 31, of each Year, the Contractor shall make any additional payment
22 of Charges it is obligated to make for Delivered Water furnished to the Contractor pursuant to its

1 contract for the previous Year. The amount to be paid for past due payment of Charges shall be
2 computed pursuant to Article 19 of this interim renewal contract.

3 (e) The Contractor shall pay for any Project Water provided under Article 3(d)
4 or 3(e) as determined by the Contracting Officer pursuant to applicable statutes, regulations,
5 guidelines and policies.

6 (f) Payments to be made by the Contractor to the United States under this
7 interim renewal contract may be paid from any revenues available to the Contractor.

8 (g) Revenues received by the United States pursuant to this interim renewal
9 contract shall be allocated and applied in accordance with Federal Reclamation law, including
10 but not limited to, subsection 3 of Section 1 of the Act of July 2, 1956 (70 Stat. 483), and
11 subsection (f) of Section 3405, subsection (c)(1) of Section 3406 and subsection (d)(2)(A) of
12 Section 3407 of the CVPIA, and the associated regulations, including but not limited to, the
13 Project Irrigation Water ratesetting policy and the Project M&I ratesetting policy promulgated
14 pursuant to the Administrative Procedures Act.

15 (h) At the Contractor's request, the Contracting Officer shall provide to the
16 Contractor an accounting of all of the expenses allocated and the disposition of all revenues
17 received pursuant to this interim renewal contract in sufficient detail to allow the Contractor to
18 determine that the allocation of expenses and disposition of all revenues received was
19 accomplished in conformance with Federal Reclamation law and the associated regulations. The
20 Contracting Officer and the Contractor shall enter into good faith negotiations to resolve any
21 discrepancies or disputes arising out of said accounting of the Contractor's review thereof.

1 (i) The parties acknowledge and agree that the efficient administration of this
2 interim renewal contract is their mutual goal. Recognizing that experience has demonstrated that
3 mechanisms, policies and procedures used for establishing Rates and Charges, and/or for making
4 and allocating payments, other than those set forth in this Article would be in the mutual best
5 interest of the parties, it is expressly agreed that the parties may enter into agreements for
6 alternative mechanisms, policies and procedures for any of those purposes while this interim
7 renewal contract is in effect without amending this contract.

8 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

9 8. The Contractor and the Contracting Officer concur that at the time of execution of
10 this interim renewal contract, the Contractor has no non-interest bearing operation and
11 maintenance deficit and shall have no further liability therefor.

12
13 TRANSFERS OR EXCHANGES OF WATER

14 9. (a) The right to Project Water provided for in this interim renewal contract
15 may be sold, transferred, or exchanged to others for beneficial uses within the State of California
16 if such sale, transfer or exchange is authorized by applicable Federal laws, State laws, and
17 applicable guidelines or regulations then in effect. The right to sell, transfer or exchange Project
18 Water shall include, and the Contracting Officer shall apply this Article in a manner that does not
19 impede or restrict, lawful short-term sales, transfers, or exchanges of the type the Contractor
20 historically carried out with approval of the Contracting Officer under Contract No. 14-06-200-
21 6575, as amended. No sale, transfer or exchange of the right to Project Water under this interim
22 renewal contract may take place without the prior written approval of the Contracting Officer.

1 (b) For the purpose of determining whether section 3405 (a)(1)(M) of the
2 CVPIA applies to the Contractor as a transferor or transferee of Project Water, the Contracting
3 Officer acknowledges that the Contractor is within a county, watershed, or other area of origin, as
4 those terms are utilized under California law, of water that constitutes the natural flow of the
5 Sacramento River and its tributaries above the confluence of the American and Sacramento
6 Rivers.

7 APPLICATION OF PAYMENTS AND ADJUSTMENTS

8 10. (a) The amount of any overpayment by the Contractor shall be applied first to
9 any accrued indebtedness arising out of this interim renewal contract then due and payable by the
10 Contractor. Any amount of such overpayment then remaining shall, at the option of the
11 Contractor, be refunded to the Contractor or credited upon amounts to become due to the United
12 States from the Contractor under the provisions hereof in the following months. With respect to
13 overpayment, such adjustment shall constitute the sole remedy of the Contractor or anyone
14 having or claiming to have the right to the use of any of the water supply provided for herein.

15 (b) All advances for miscellaneous costs incurred for work requested by the
16 Contractor pursuant to Article 24 shall be adjusted to reflect the actual costs when the work has
17 been completed. If the advances exceed the actual costs incurred, the difference will be refunded
18 to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be
19 billed for the additional costs pursuant to Article 24.

20 TEMPORARY REDUCTIONS--RETURN FLOWS

21 11. (a) Subject to: (i) the authorized purposes and priorities of the Project; and (ii)
22 the obligations of the United States under existing contracts, or renewals thereof, providing for

1 water deliveries from the Project, the Contracting Officer shall make all reasonable efforts to
2 optimize Project Water deliveries to the Contractor as provided in the contract.

3 (b) The United States may temporarily discontinue or reduce the quantity of
4 Project Water to be delivered to the Contractor as herein provided for the purposes of
5 investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or
6 any part thereof necessary for the delivery of Project Water to the Contractor, but so far as
7 feasible the Contracting Officer will give the Contractor due notice in advance of such temporary
8 discontinuance or reduction, except in case of emergency, in which case no notice need be given:
9 Provided, That the United States shall use its best efforts to avoid any discontinuance or
10 reduction in such service. Upon resumption of service after such reduction or discontinuance, and
11 if requested by the Contractor, the United States will, if possible, deliver the quantity of Project
12 Water which would have been delivered hereunder in the absence of such discontinuance or
13 reduction: Provided further, That with respect to any quantity of Project Water not delivered
14 after a discontinuance or reduction the Contractor shall be relieved of its scheduling and payment
15 obligations for such quantity of Project Water.

16 (c) The United States reserves the right to all seepage and return flow water
17 derived from water delivered to the Contractor hereunder which escapes or is discharged beyond
18 the Contractor's Boundaries: Provided, That this shall not be construed as claiming for the
19 United States any right to seepage or return flow being put to reasonable and beneficial use
20 pursuant to this interim renewal contract within the Contractor's Boundaries by the Contractor or
21 those claiming by, through, or under the Contractor.

22 WATER SHORTAGE AND APPORTIONMENT

1 irrigated with groundwater that reaches the underground strata as an unavoidable result of the
2 furnishing of Irrigation Water by the Contractor to Eligible Lands.

3 COMPLIANCE WITH FEDERAL RECLAMATION LAW

4 14. This interim renewal contract shall be implemented in accordance with all
5 applicable provisions of Federal Reclamation law, as amended and supplemented.

6 WATER AND AIR POLLUTION CONTROL

7 15. The Contractor, in carrying out this contract, shall comply with all applicable
8 water and air pollution laws and regulations of the United States and the State of California, and
9 shall obtain all required permits or licenses from the appropriate Federal, State, or local
10 authorities.

11 QUALITY OF WATER

12 16. (a) Project facilities used to make available and deliver Project Water to the
13 Contractor pursuant to this interim renewal contract shall be operated and maintained to enable
14 the United States to make available and deliver Project Water to the Contractor in accordance
15 with the water quality standards specified in subsection 2(b) of the Act of August 26, 1937 (50
16 Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100 Stat. 3050) or other
17 existing Federal laws. The United States is under no obligation to construct or furnish water
18 treatment facilities to maintain or to better the quality of Project Water furnished to the
19 Contractor pursuant to this contract. The United States does not warrant the quality of Project
20 Water made available and delivered to the Contractor pursuant to this contract.

21 (b) The operation and maintenance of Project facilities shall be performed in
22 such manner as is practicable to maintain the quality of raw water made available through such
23 facilities at the highest level reasonably attainable as determined by the Contracting Officer. The
24
25

1 Contractor shall be responsible for compliance with all State and Federal water quality standards
2 applicable to surface and subsurface agricultural drainage discharges generated through the use of
3 Federal or Contractor facilities or Project Water provided by the Contractor within the
4 Contractor's Boundaries. This Article shall not affect or alter any legal obligations of the
5 Secretary to provide drainage services.
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12 WATER ACQUIRED BY THE CONTRACTOR OTHER THAN
13 FROM THE UNITED STATES

14 17. Water or water rights now owned or hereafter acquired by the Contractor other
15 than from the United States and Irrigation Water furnished pursuant to the terms of this interim
16 renewal contract may be simultaneously transported through the same distribution facilities of the
17 Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation Water
18 and non-Project water were constructed without funds made available pursuant to Federal
19 Reclamation law, the provisions of Federal Reclamation law will be applicable only to the
20 Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive
21 Irrigation Water must be established through the certification requirements as specified in the
22 Acreage Limitation Rules and Regulations (43 CFR Part 426); (iii) the water requirements of
23 Eligible Lands within the Contractor's Boundaries can be established and the quantity of
24 Irrigation Water to be utilized is less than or equal to the quantity necessary to irrigate such
25 Eligible Lands; and (iv) if the facilities utilized for commingling Irrigation Water and non-
26 Project water are constructed with funds made available pursuant to Federal Reclamation law,

1 the non-Project water will be subject to Federal Reclamation law, until such funds have been
2 repaid.¹

3 OPINIONS AND DETERMINATIONS

4 18. (a) Where the terms of this interim renewal contract provide for actions to be
5 based upon the opinion or determination of either party to this contract, said terms shall not be
6 construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable
7 opinions or determinations. Both parties, notwithstanding any other provisions of this contract,
8 expressly reserve the right to seek relief from and appropriate adjustment, including monetary
9 damages, for any such arbitrary, capricious or unreasonable opinion or determination. Each
10 opinion or determination by either party shall be provided in a timely manner.

11 (b) The Contracting Officer shall have the right to make determinations
12 necessary to administer this interim renewal contract that are consistent with the expressed and
13 implied provisions of this contract, the laws of the United States and the State of California, and
14 the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall
15 be made in consultation with the Contractor to the extent reasonably practicable.

16 CHARGES FOR DELINQUENT PAYMENTS

17 19. (a) The Contractor shall be subject to interest, administrative and penalty
18 charges on delinquent installments or payments. When a payment is not received by the due
19 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond
20 the due date. When a payment becomes 60 days delinquent, the Contractor shall pay an
21 administrative charge to cover additional costs of billing and processing the delinquent payment.
22 When a payment is delinquent 90 days or more, the Contractor shall pay an additional penalty

¹ Possible contractual provisions concerning the transportation of non-Project Water through CVP facilities pursuant to the Warren Act were still under discussion in other divisions at the time that divisional negotiations between the Bureau of Reclamation and the Tehama-Colusa and Corning Canal districts were completed on Sept. 19, 1994. Should Reclamation ultimately agree to include language in this regard in the form of contract for other divisions, then such language will also be included in the contracts of Tehama-Colusa or Corning Canal districts which request it.

1 charge of 6 percent per year for each day the payment is delinquent beyond the due date. Further,
2 the Contractor shall pay any fees incurred for debt collection services associated with a
3 delinquent payment.
4

5 (b) The interest charge rate shall be the greater of the rate prescribed quarterly
6 in the Federal Register by the Department of the Treasury for application to overdue payments, or
7 the interest rate of 0.5 percent per month prescribed by Section 6 of the Reclamation Project Act
8 of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and
9 remain fixed for the duration of the delinquent period.
10

11 (c) When a partial payment on a delinquent account is received, the amount
12 received shall be applied, first to the penalty, second to the administrative charges, third to the
13 accrued interest, and finally to the overdue payment.
14

15 EQUAL OPPORTUNITY 16

17 20. During the performance of this contract, the Contractor agrees as follows:
18

19 (1) The Contractor will not discriminate against any employee or applicant for
20 employment because of race, color, religion, sex, or national origin. The Contractor will
21 take affirmative action to ensure that applicants are employed, and that employees are
22 treated during employment, without regard to their race, color, religion, sex, or national
23 origin. Such action shall include, but not be limited to, the following: Employment,
24 upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or
25 termination, rates of payment or other forms of compensation; and selection for training,
26 including apprenticeship. The Contractor agrees to post in conspicuous places, available
27 to employees and applicants for employment, notices to be provided by the Contracting
28 Officer setting forth the provisions of this nondiscrimination clause.
29

30 (2) The Contractor will, in all solicitations or advertisements for employees
31 placed by or on behalf of the Contractor, state that all qualified applicants will receive
32 consideration for employment without discrimination because of race, color, religion, sex,
33 or national origin.
34

35 (3) The Contractor will send to each labor union or representative of workers
36 with which it has a collective bargaining agreement or other contract or understanding, a
37 notice, to be provided by the Contracting Officer, advising the said labor union or
38 workers' representative of the Contractor's commitments under Section 202 of Executive
39 Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous
40 places available to employees and applicants for employment.
41

1 (4) The Contractor will comply with all provisions of Executive Order No.
2 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant
3 orders of the Secretary of Labor.
4

5 (5) The Contractor will furnish all information and reports required by said
6 amended Executive Order and by the rules, regulations, and orders of the Secretary of
7 Labor, or pursuant thereto, and will permit access to its books, records, and accounts by
8 the Contracting Officer and the Secretary of Labor for purposes of investigation to
9 ascertain compliance with such rules, regulations, and orders.
10

11 (6) In the event of the Contractor's noncompliance with the nondiscrimination
12 clauses of this contract or with any of the said rules, regulations, or orders, this contract
13 may be canceled, terminated, or suspended, in whole or in part, and the Contractor may
14 be declared ineligible for further Government contracts in accordance with procedures
15 authorized in said amended Executive Order, and such other sanctions may be imposed
16 and remedies invoked as provided in said Executive Order, or by rule, regulation, or order
17 of the Secretary of Labor, or as otherwise provided by law.
18

19 (7) The Contractor will include the provisions of paragraphs (1) through (7) in
20 every subcontract or purchase order unless exempted by the rules, regulations, or orders
21 of the Secretary of Labor issued pursuant to Section 204 of said amended Executive
22 Order, so that such provisions will be binding upon each subcontractor or vendor. The
23 Contractor will take such action with respect to any subcontract or purchase order as may
24 be directed by the Secretary of Labor as a means of enforcing such provisions, including
25 sanctions for noncompliance: Provided, however, That in the event the Contractor
26 becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a
27 result of such direction, the Contractor may request the United States to enter into such
28 litigation to protect the interests of the United States.
29

30 GENERAL OBLIGATION--BENEFITS
31 CONDITIONED UPON PAYMENT
32

33 21. (a) The obligation of the Contractor to pay the United States as provided in
34 this contract is a general obligation of the Contractor notwithstanding the manner in which the
35 obligation may be distributed among the Contractor's water users and notwithstanding the default
36 of individual water users in their obligations to the Contractor.
37

38 (b) The payment of charges becoming due hereunder is a condition precedent
39 to receiving benefits under this contract. The United States shall not make water available to the
40 Contractor through project facilities during any period in which the Contractor may be in arrears
41 in the advance payment of water rates due the United States. The Contractor shall not furnish
42 water made available pursuant to this contract for lands or parties which are in arrears in the
43 advance payment of water rates levied or established by the Contractor.

1 (d) The Contracting Officer shall designate a full-time employee of the Bureau
2 of Reclamation to be the System Manager who shall be responsible for making decisions on
3 denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The
4 Contractor is authorized to grant requests by individuals for access to their own records.
5

6 (e) The Contractor shall forward promptly to the System Manager each
7 proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed
8 under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System
9 Manager with information and records necessary to prepare an appropriate response to the
10 requester. These requirements do not apply to individuals seeking access to their own
11 certification and reporting forms filed with the Contractor pursuant to 43 CFR 426.10, unless the
12 requester elects to cite the Privacy Act as a basis for the request.
13

14 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

15
16 24. In addition to all other payments to be made by the Contractor pursuant to this
17 contract, the Contractor shall pay to the United States, within sixty (60) days after receipt of a bill
18 and detailed statement submitted by the Contracting Officer to the Contractor for such specific
19 items of direct cost incurred by the United States for work requested by the Contractor associated
20 with this interim renewal contract plus a percentage of such direct costs for administrative and
21 general overhead in accordance with applicable Bureau of Reclamation policy and procedures.
22 All such amounts referred to in this Article shall not exceed the amount agreed to in writing in
23 advance by the Contractor. This Article shall not apply to costs for routine contract
24 administration.

25 WATER CONSERVATION

26 25. (a) Prior to the delivery of water provided from or conveyed through Federally
27 constructed or Federally financed facilities pursuant to this contract, the Contractor shall be
28 implementing an effective water conservation program based on the Contractor's water
29 conservation plan that has been determined by the Contracting Officer to meet the conservation

1 and efficiency criteria established under Federal law. The water conservation program shall
2 contain definite water conservation objectives, appropriate economically feasible water
3 conservation measures, and time schedules for meeting those objectives.

4 (b) Should the combined amount of M&I Water delivered pursuant to
5 subdivision (a) of Article 3 during the term of this interim renewal contract equal or exceed
6 2,000 acre-feet, the Contractor shall implement the Best Management Practices identified by and
7 the time frames issued by the California Urban Water Conservation Council unless any such
8 practice is determined by the Contracting Officer to be inappropriate for the Contractor.

9 (c) As part of the water conservation program, the Contractor shall develop
10 and be implementing a tiered block water pricing program that promotes conservation and the
11 efficient management of Project Water during the term of this contract. Such pricing program for
12 Project Water shall take into account all relevant circumstances, including without limitation,
13 water shortages imposed under this interim renewal contract and the availability and cost of the
14 Contractor's and individual water user's non-Project alternative sources of supply, including
15 ground water and other non-Project water supplies, so that the Contractor's pricing structure
16 provides incentives for conservation and the efficient management of overall water supply
17 available to water users served by the Contractor. Provided, That no such tiered block water
18 pricing program need be implemented by the Contractor if the Contracting Officer determines,
19 based on information provided by the Contractor, that (i) such a pricing structure will not result
20 in significant conservation of water available for use within the Contractor's service area,
21 including ground water or (ii) other pricing program, conservation or management measures are
22 more appropriate and/or will result in comparable or better conservation of the water supplies

1 available within the Contractor's boundaries. Provided further, If the Contractor fails to, or elects
2 not to, comply with this subdivision of Article 25, then any subsequent interim renewal contract
3 shall contain a tiered pricing contractual provision pursuant to subsection (d) of Section 3405 of
4 the CVPIA.

5 (d) The Contractor shall submit to the Contracting Officer by
6 December 31, of each Calendar Year, an annual report on the status of its implementation of the
7 water conservation program.

8 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

9 26. Except as specifically provided in Article 17 of this contract, the provisions of this
10 interim renewal contract shall not be applicable to or affect water or water rights now owned or
11 hereafter acquired by the Contractor or any user of such water within the Contractor's Boundaries
12 from other than the United States by the Contractor. Any such water shall not be considered
13 Project Water under this contract. In addition, this interim renewal contract shall not be
14 construed as limiting or curtailing any rights which the Contractor or any water user within the
15 Contractor's Boundaries acquires or has available under any other contract pursuant to the
16 Federal Reclamation law.

17 OPERATION AND MAINTENANCE BY NON-FEDERAL ENTITY

18 27. (a) The operation and maintenance of a portion of the Canal Facilities, and
19 responsibility for funding the costs of such operation and maintenance, has been transferred to an
20 Operating-Non-Federal Entity by separate agreement between the United States and the
21 Operating Non-Federal Entity. That separate agreement shall not interfere with the rights or
22 obligations of the Contractor or the United States hereunder.

1 (b) Since the Contracting Officer has notified the Contractor in writing that
2 the operation and maintenance of a portion of the Canal Facilities has been transferred to an
3 Operating Non-Federal Entity, the Contractor shall pay directly to such Operating Non-Federal
4 Entity all rates, charges, or assessments of any kind, including any assessment for reserve funds,
5 which the Operating Non-Federal Entity determines, sets, or establishes for the operation and
6 maintenance of the portion of the Canal Facilities operated and maintained by the Operating
7 Non-Federal Entity, all in compliance with all provisions of Article 7 hereof. The Contractor
8 shall also submit to the Non-Federal Entity, as fiscal agent for the Secretary, that portion of the
9 Contractor's obligation to the United States for its allocated share of the Project construction
10 costs and its allocated share of the remaining operation and maintenance costs for the Project.

11 (c) Because of the transfer of operation and maintenance of the Canal
12 Facilities to an Operating Non-Federal Entity, the Contracting Officer shall adjust accordingly
13 the portions of the Rates for water under this Contract representing operation and maintenance
14 costs of the Canal Facilities that the Operating Non-Federal Entity assesses and collects directly.

15 (d) In the event the operation and maintenance of the portion of the Canal
16 Facilities transferred to the Operating Non-Federal Entity is reassumed by the United States
17 during the term of this contract, the Contracting Officer shall so notify the Contractor, in writing,
18 and present to the Contractor a revised Exhibit B which shall include the portion of the Rates for
19 water under this contract representing the operation and maintenance costs of the portion of the
20 Canal Facilities which has been reassumed. The Contractor shall thereafter, and in the absence
21 of written notification from the Contracting Officer to the contrary, pay the Rates specified in the
22 revised Exhibit B directly to the United States, in compliance with Article 7 herein.

1 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

2 28. The expenditure or advance of any money or the performance of any obligation of
3 the United States under this contract shall be contingent upon appropriation or allotment of
4 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
5 obligations under this contract. No liability shall accrue to the United States in case funds are not
6 appropriated or allotted.
7

8 BOOKS RECORDS AND REPORTS

9
10 29. The Contractor shall establish and maintain accounts and other books and records
11 pertaining to administration of the terms and conditions of this contract, including: the
12 Contractor's financial transactions, water supply data, and Project land and right-of-way
13 agreements; the water users' land-use (crop census), landownership, land-leasing and water use
14 data; and other matters that the Contracting Officer may require. Reports thereon shall be
15 furnished to the Contracting Officer in such form and on such date or dates as the Contracting
16 Officer may require. Subject to applicable Federal laws and regulations, each party to this
17 contract shall have the right during office hours to examine and make copies of the other party's
18 books and records relating to matters covered by this contract.
19

20 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

21
22 30. (a) The provisions of this contract shall apply to and bind the successors and
23 assigns of the parties hereto, but no assignment or transfer of this contract or any right or interest
24 therein shall be valid until approved in writing by the Contracting Officer.
25

26 (b) The assignment of any right or interest in this interim renewal contract by
27 either party shall not interfere with the rights or obligations of the other party to this interim
28 renewal contract absent the written concurrence of said other party.
29

30 SEVERABILITY

31 31. In the event that a person or entity who is neither (i) a party to a Project interim
32 renewal contract, nor (ii) a person or entity that receives Project Water from a party to a Project
33 interim renewal contract, nor (iii) an association or other form of organization whose primary
34 function is to represent parties to Project interim renewal contracts, brings an action in a court of

1 competent jurisdiction challenging the legality or enforceability of a provision included in this
2 interim renewal contract and said person, entity, association, or organization obtains a final court
3 decision holding that such provision is legally invalid or unenforceable and the Contractor has
4 not intervened in that lawsuit in support of the plaintiff(s), the parties to this interim renewal
5 contract shall use their best efforts to (i) within thirty (30) days of the date of such final court
6 decision identify by mutual agreement the provisions in this interim renewal contract which must
7 be revised, and (ii) within three (3) months thereafter promptly agree on the appropriate
8 revision(s). The time periods specified above may be extended by mutual agreement of the
9 parties. Pending the completion of the actions designated above, to the extent it can do so
10 without violating any applicable provisions of law, the United States shall continue to make the
11 quantities of Project Water specified in this interim renewal contract available to the Contractor
12 pursuant to the provisions of this interim renewal contract which were not found to be legally
13 invalid or unenforceable in the final court decision.

14 OFFICIALS NOT TO BENEFIT

15 32. No Member of or Delegate to Congress, Resident Commissioner or official of the
16 Contractor shall benefit from this contract other than as a water user or landowner in the same
17 manner as other water users or landowners.

18 CHANGES IN CONTRACTOR'S BOUNDARIES

19 33. While this contract is in effect, no change may be made in the Contractor's
20 boundaries, by inclusion or exclusion of lands, dissolution, consolidation, merger or otherwise,
21 except upon the Contracting Officer's written consent.

22 NOTICES

23 34. Any notice, demand, or request authorized or required by this contract shall be
24 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
25 delivered to the Area Manager, Northern California Area Office, Bureau of Reclamation, 16349
26

1 Shasta Dam Boulevard, Shasta Lake, California 96019-8400 and on behalf of the United States,
2 when mailed, postage prepaid, or delivered to the Board of Directors of the Corning Water
3 District, PO Box 738, 22240 Gallagher Avenue, Corning, California 96021. The designation of
4 the addressee or the address may be changed by notice given in the same manner as provided in
5 this Article for other notices.

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IN WITNESS WHEREOF, the parties hereto have executed this interim renewal contract as of the day and year first above written.

THE UNITED STATES OF AMERICA

CORNING WATER DISTRICT

By: /s/ Lowell F. Ploss
Acting Regional Director
Mid-Pacific Region
Bureau of Reclamation

By: /s/ Barbara Patton-Sichel
President

Attest: /s/ Winifred L. Jones
Secretary

(SEAL)

APPROVED AS TO LEGAL
FORM AND SUFFICIENCY

/s/ James E. Turner

OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR